

Card EA-EZ

CPI Projection Segments

The purpose of this group of data fields is to enable us, for those settlements containing an escalator clause, to make some estimate as to what cost-of-living adjustments would be granted over the life of the agreement (or to the first reopening date, where applicable), if the CPI were to rise at two different assumed annual rates. By then combining each of the amounts which should be yielded under the particular clause at two specified assumed rates with our wage decision data, a useful measure would be derived. Obviously projections of the CPI itself must be made if there are to be any projections of actual cost-of-living escalator adjustments. Through the use of a special computer program, the CPI released each month will be projected into the future at two different specified annual rates of increase. The data will be projected for the U.S. index, as well as the various city indexes. Each analyst will have access to these projections which will be processed immediately after each month's release of the CPI data. The printouts containing the CPI projection data will be used to determine what cost-of-living adjustments would be granted during the life of the contract if the CPI rose at the two assumed rates. At least one set of CPI 3 and CPI 4 entries are required for every situation which is covered by an escalator clause (codes "01" through "03" and "11" in "COLOVERL," cols. 75, 76, card "BA"). No entries may be made in the projection segments if the situation does not contain a cost-of-living escalator clause. As a general rule, entries will only be made in the CPI 3 Projection Group and CPI 4 Projection Group when the actual CPI projections trigger an adjustment under the particular clause (the one exception is when all reviews under both of the projections yield no adjustments). The two amounts yielded from the given review, assuming each of the CPI annual rates of increase, will be coded on the same "E" card (one in the "CPI3AMT" field and the other in the "CPI4AMT" field). Each amount entry must be accompanied by a date representing the date the adjustment would become effective. Both the "CPI3DATE" and the "CPI4DATE" must be the same for each set of amount entries on a given "E" card. If one of the two CPI projections would yield an adjustment under a particular review and the other would not, a set of amount and date entries are required for both the CPI 3 Group and the CPI 4 Group. e.g., the CPI 3 Group projection yielded no change while the CPI 4 Group projection yielded 2 cent adjustment. Code four zeroes for the "CPI3AMT" with a corresponding date and "0020" for the "CPI4AMT" with the same date. Generally, even though one of the two projections yields an adjustment, and the other does not, entries are essential in both groups. The latest index that would be available to the parties at the time of decision will be the base month for our projections. For example: a contract is negotiated on January 1, 1973; the latest available CPI at that time would be for November 1972. Projections therefore would use November 1972 as the base.

NOTE: In cases where due to delays in stabilization agency approval or for other reasons, escalator reviews become operative prior to the "NEGODT" (cols. 36 through 41 card "CA") see your supervisor for instructions in coding the projections segments.